

113<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5852

To amend the Internal Revenue Code of 1986 to eliminate the \$117,000 cap on income subject to Social Security payroll taxes.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 11, 2014

Mr. GRAYSON introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to eliminate the \$117,000 cap on income subject to Social Security payroll taxes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Scrap the Cap Act”.

5       **SEC. 2. PAYROLL TAX ON REMUNERATION.**

6       (a) IN GENERAL.—Paragraph (1) of section 3121(a)  
7       of the Internal Revenue Code of 1986 is amended by in-  
8       serting after “such calendar year.” the following: “The  
9       preceding sentence shall apply only to calendar years for  
10      which the contribution and benefit base (as so determined)

1 is less than \$117,000, and, for such calendar years, only  
2 to so much of the remuneration paid to such employee  
3 by such employer with respect to employment as does not  
4 exceed \$117,000.”.

5 (b) CONFORMING AMENDMENT.—Paragraph (1) of  
6 section 3121 of the Internal Revenue Code of 1986 is  
7 amended by striking “Act) to” and inserting “Act), or in  
8 excess of \$117,000, to”.

9 (c) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to remuneration paid after Decem-  
11 ber 31, 2014.

12 **SEC. 3. TAX ON NET EARNINGS FROM SELF-EMPLOYMENT.**

13 (a) IN GENERAL.—Paragraph (1) of section 1402(b)  
14 of the Internal Revenue Code of 1986 is amended to read  
15 as follows:

16 “(1) in the case of the tax imposed by section  
17 1401(a), the excess of—

18 “(A) that part of the net earnings from  
19 self-employment which is in excess of—

20 “(i) an amount equal to the contribu-  
21 tion and benefit base (as determined under  
22 section 230 of the Social Security Act)  
23 which is effective for the calendar year in  
24 which such taxable year begins, minus

1                   “(ii) the amount of the wages paid to  
2                   such individual during such taxable years;  
3                   over

4                   “(B) that part of the net earnings from  
5                   self-employment which is in excess of the sum  
6                   of—

7                   “(i) the excess of—

8                                 “(I) the net earning from self-  
9                                 employment reduced by the excess (if  
10                                any) of subparagraph (A)(i) over sub-  
11                                paragraph (A)(ii), over

12                               “(II) \$117,000, reduced by such  
13                                contribution and benefit base, plus

14                               “(ii) the amount of the wages paid to  
15                                such individual during such taxable year in  
16                                excess of such contribution and benefit  
17                                base and not in excess of \$117,000; or”.

18           (b) PHASEOUT.—Subsection (b) of section 1402 of  
19 the Internal Revenue Code of 1986 is amended by adding  
20 at the end the following: “Paragraph (1) shall apply only  
21 to taxable years beginning in calendar years for which the  
22 contribution and benefit base (as determined under section  
23 230 of the Social Security Act) is less than \$117,000.”.

24           (c) EFFECTIVE DATE.—The amendments made by  
25 this section shall apply to net earnings from self-employ-

1 ment derived, and remuneration paid, after December 31,  
2 2014.

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